

News from Ed Markey

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MARKEY PRAISES CITIGROUP DECISION ON INDEPENDENT ANALYSTS AS "INVESTOR-FRIENDLY MODEL"

Washington, DC: This statement was released by Representative Edward J. Markey (D-MA), senior member of the House Energy and Commerce Committee and former Chairman of the Telecommunications and Finance Subcommittee, in reaction to the Citigroup announcement and the global settlement:

"Citigroup's decision today to create an independent research unit separate from its investment banking business is a positive and welcome response to investigations into conflicts-of-interest at the firm initiated by New York Attorney General Eliot Spitzer. As a longstanding advocate of completely separating research and investment banking functions within full-service broker-dealers, I am pleased that Citigroup is taking specific steps to insulate analysts from pressures that can taint their research reports. Above all, analysts should be trusted sources of unbiased information for investors, not flacks for the firm's investment bankers."

"This is the type of reform that SEC Chairman Harvey Pitt should have initiated months ago, instead of the watered down NASD and New York Stock Exchange analyst conflict rules he pushed through the Commission on May 8, 2002. In light of the Citigroup settlement, it's time for the SEC to push for these rules to be strengthened."

"Reports of a global settlement between securities regulators and Wall Street firms suggest that the settlement would create a solid framework for rebuilding investor confidence in the stock recommendations they receive from research analysts. While the settlement is a positive development, it will benefit investors only if the SEC and the self-regulatory organizations aggressively enforce its terms. The Bush Administration's refusal to support full funding for the SEC would devastate the Commission's ability to conduct oversight and monitoring activities essential for ensuring compliance with the settlement. SEC funding at the \$750 million level approved by the Senate Appropriations Committee is needed to carry out responsibilities under the settlement. It is also needed to enforce analyst conflict-of-interest rules included in the corporate responsibility law that Congress enacted this summer after the SEC failed to take strong action. Today's settlement is good news, but it's not a substitute for an SEC equipped with sufficient resources and a strong will to pursue violations of conflict-of-interest rules."

"Resurgence in investor confidence in the markets is the only way to produce economic recovery. But investor confidence in this SEC and Bush Administration has not been won."

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